

**KURTZMAN | STEADY, LLC**

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and PREIT Services, LLC, as agent for PR Financing Limited Partnership, and  
PR Capital City Limited Partnership*

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

	:	Chapter 11
	:	
SEARS HOLDINGS CORPORATION,	:	
INC., et al., <sup>1</sup>	:	Case No. 18-23538 (RDD)
	:	
Debtors.	:	(Jointly Administered)
	:	

**OBJECTION OF BT GRANITE RUN, LP, BT PLEASANT HILLS LP,  
CAPITAL ENTERPRISES, INC., AND PREIT SERVICES, LLC, AS AGENT FOR  
PR FINANCING LIMITED PARTNERSHIP AND PR CAPITAL CITY LIMITED  
PARTNERSHIP, TO NOTICE OF CURE COSTS AND POTENTIAL ASSUMPTION  
AND ASSIGNMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES  
IN CONNECTION WITH GLOBAL SALE TRANSACTION**

<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are as follows: Sears Holdings Corporation (0798); Kmart Holding Corporation (3116); Kmart Operations LLC(6546); Sears Operations LLC(4331); Sears, Roebuck and Co. (0680); ServiceLive Inc. (6774); A&E Factory Service, LLC (6695); A&E Home Delivery, LLC (0205); A&E Lawn & Garden, LLC (5028); A&E Signature Service, LLC (0204); FBA Holdings Inc. (6537); Innovel Solutions, Inc. (7180); Kmart Corporation (9500); MaxServ, Inc. (7626); Private Brands, Ltd. (4022); Sears Development Co. (6028); Sears Holdings Management Corporation (2148); Sears Home & Business Franchises, Inc. (6742); Sears Home Improvement Products, Inc. (8591); Sears Insurance Services, L.L.C. (7182); Sears Procurement Services, Inc. (2859); Sears Protection Company (1250); Sears Protection Company (PR) Inc. (4861); Sears Roebuck Acceptance Corp. (0535); Sears, Roebuck de Puerto Rico, Inc. (3626); SYW Relay LLC (1870); Wally Labs LLC (None); Big Beaver of Florida Development, LLC (None); California Builder Appliances, Inc. (6327); Florida Builder Appliances, Inc. (9133); KBL Holding Inc. (1295); KLC, Inc. (0839); Kmart of Michigan, Inc. (1696); Kmart of Washington LLC (8898); Kmart Stores of Illinois LLC (8897); Kmart Stores of Texas LLC (8915); MyGofer LLC (5531); Sears Brands Business Unit Corporation (4658); Sears Holdings Publishing Company, LLC. (5554); Sears Protection Company (Florida), L.L.C. (4239); SHC Desert Springs, LLC (None); SOE, Inc. (9616); StarWest, LLC (5379); STI Merchandising, Inc. (0188); Troy Coolidge No. 13, LLC (None); BlueLight.com, Inc. (7034); Sears Brands, L.L.C. (4664); Sears Buying Services, Inc. (6533); Kmart.com LLC (9022); SHC Licensed Business LLC (3718); SHC Promotions LLC (9626); and Sears Brands Management Corporation (5365). The location of the Debtors' corporate headquarters is 3333 Beverly Road, Hoffman Estates, Illinois 60179.

BT Granite Run, LP, BT Pleasant Hills LP, Capital Enterprises, Inc., and PREIT Services, LLC, as agent for each of PR Financing Limited Partnership and PR Capital City Limited Partnership (collectively, the “Objecting Landlords”), by and through their undersigned attorneys, hereby file their objection to the Notice of Cure Costs and Potential Assumption and Assignment of Executory Contracts and Unexpired Leases in Connection with Global Sale Transaction (the “Assumption Notice”) [Doc. No. 1731], and respectfully represent in support thereof as follows:

**BACKGROUND**

1. On October 15, 2018 (the “Petition Date”), the Debtors filed respective voluntary petitions for reorganization pursuant to Chapter 11 of Title 11 of the United States Code (the “Bankruptcy Code”). Since the Petition Date, the Debtors have continued to operate their businesses and manage their properties as debtors-in-possession pursuant to §§1107 and 1108 of the Bankruptcy Code.

2. The Objecting Landlords are lessors under leases of nonresidential real property as to which one of the Debtors is the lessee.

3. On January 18, 2019, the Debtors filed the Assumption Notice.

4. The Objecting Landlords object to the assumption and assignment of the applicable leases on various grounds, including that the cure amounts set forth in the Assumption Notice are less than the amounts necessary to cure defaults under such leases pursuant to §365(b) of the Bankruptcy Code.

**RELIEF REQUESTED**

5. The discrepancies between the stated cure amounts and the actual amounts required to cure defaults under the Objecting Landlords' leases as of January 24, 2019 (the "Actual Claim Amounts"), which include unpaid pre- and post-petition amounts presently due under such leases, are illustrated in the following chart:

	<b>Landlord</b>	<b>Store No.</b>	<b>Actual Claim Amount</b>	<b>Stated Cure Amount</b>	<b>Discrepancy</b>
A.	BT Granite Run, LP	1654	\$162,868.41	\$7,500.00	\$155,368.41
B.	PR Financing Limited Partnership	2664	\$33,059.15	\$27,780.00	\$5,279.15
C.	PR Capital City Limited Partnership	1711	\$8,445.50	\$2,500.00	\$5,945.50
D.	Capital Enterprises, Inc.	7374	\$891.75	\$0.00	\$891.75
E.	BT Pleasant Hills LP	9438	\$101,280.60	\$0.00	\$101,280.60

6. Detailed summaries of the Actual Claim Amounts are set forth in the respective aging reports annexed hereto and made a part hereof as Exhibits "A" through "E".

7. In order to assume the Objecting Landlords' leases, the Debtors are required to cure defaults existing under such leases pursuant to § 365(b)(1)(A) of the Bankruptcy Code, which provides in relevant part that "[i]f there has been a default in an executory contract or unexpired lease of the debtor, the trustee may not assume such contract or lease unless, at the time of assumption of such contract or lease, the trustee ... cures, or provides adequate assurance that the trustee will promptly cure, such default..." 11 U.S.C. § 365(b)(1)(A).

**RESERVATION OF RIGHTS**

8. The Objecting Landlords specifically reserve their rights to object to any other relief sought by the Debtors in connection with the assumption of the applicable leases, including, without limitation, the assignee's proposed adequate assurance of future performance.

**CONCLUSION**

9. For the foregoing reasons, the Objecting Landlords seek an order of this Court fixing the Debtors' respective cure obligations under the applicable leases in the amounts set forth herein (less any payments made by the Debtors on account of such sums prior to the assumption of the leases plus any additional post-petition amounts accruing under such leases through the date thereof) and directing the Debtors promptly to satisfy such amounts following the entry of an order assuming such leases.

WHEREFORE, the Objecting Landlords respectfully request the entry of an order granting the relief described herein, together with such other and further relief as is just and proper.

Dated: January 25, 2019

**KURTZMAN | STEADY, LLC**

By: 

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